

**Improving Government Performance:
The Importance of Measuring Results
J. Clark Kelso
Federal Receiver
California Prison Health Care Receivership Corp.
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Introduction

I want to thank the Little Hoover Commission for inviting me to submit testimony regarding the importance of metrics and measurement in improving government programs. This is a topic that I have long been interested in, both as a result of my long-standing work with the California Judicial Council to improve the organization and performance of California's judicial system and my over five-years of service as California's Chief Information Officer, which included service as a Director of the California Performance Review.

In each of these settings, I have encouraged government entities to embrace strategic planning, budgeting based on that planning, and subsequent performance measurement against that planning, as the three foundations upon which to build innovative, highly-productive and responsive public entities. I am following that same pattern in my current role as the federally-appointed Receiver responsible for California's prison medical care system.

I want to discuss briefly in my testimony the importance of measurement and metrics, the limits of metrics and measurement, and then provide some basic information about how we are planning to use measurement and metrics to improve the prison health care system.

The Importance of Measurement and Metrics

To lead or manage an organization using metrics and measurement, you need to accomplish three difficult tasks:

- Convince the organization that the *act of measurement* is important (not everyone agrees with this premise);

- Decide upon the *right things to measure* to reflect organizational goals (selecting the right goals and then aligning those goals with performance measures is a difficult executive-level decision); and,
- Use the *right metrics of measurement* so that your data analysis accurately reports relevant results (implementing metrics and measurement systems requires professional, technical expertise).

The Act of Measurement

It is commonly understood in organizational management circles that if you want to improve some aspect of organizational performance, you need to measure and report the relevant inputs, outputs and results and then manage to improve those numbers. If you measure it, you can manage it. Conversely, if you don't measure it, don't expect improvements – in fact, don't expect steady movement in any direction, good or bad. The best you can hope for is a random walk.

This management truism is a reflection of the equally common sense notion that if an employee or team is directed to monitor and improve a particular number reflecting some organizational feature, then you should be able to expect that number to move (so long as you have properly resourced the team to achieve that goal and it is a number that is actually within their ability to influence). Give your team a well-defined goal to achieve, a clear measure of how close they are to achieving it, and the resources to close the gap, and you can pretty well forecast success (at least if you've done your homework as a manager or leader). Add a performance-incentive to the mix, and you can expect superior results.

The *act of measurement* and paying attention to measurement is a critical part of organizational culture and success. Absent measurement, your organization will be adrift at sea on a cloudy night.

Choosing What to Measure

Just as important as deciding upon the act of measurement, you need to decide upon the *right things to measure*. In practice, this is not as easy as it might sound, and choosing the wrong things to measure will inevitably lead your organization down blind alleys or over high cliffs.

In a very simple system, there may not be much of a challenge in selecting what to measure. If my team has a project deliverable due one month from today, I can be sure that I should be measuring “progress to completion” as one of my key performance indicators. Project measures tend to be fairly easy to select because there is such a broad understanding and consensus about basic project management principles. For information technology projects, for example, everyone agrees that measuring actual project progress against the planned schedule, scope and budget is one key performance indicator.

The problem is that very few organizations – and almost no large public sector organizations – are simple systems. Instead, large public sector organizations usually consist of multiple divisions with separate but sometimes overlapping and/or related missions (and sometimes conflicting missions), and those missions do not reflect simple outcomes – e.g., a 7% return on investment – but, instead, reflect difficult-to-measure “public values.”

In this context, it can be devilishly tricky to determine what things are worthy of measurement. An excellent example of a fully-developed performance measurement system can be found in the National Center for State Courts’ “Trial Court Performance Standards & Measurement System” (available online at http://www.ncsconline.org/D_Research/tcps/index.html). The system has taken many years to develop, field-test and refine. And after all of that effort, the system that has been developed is probably too complex and costly to administer on a routine basis, although it certainly provides state courts with good ideas for the full range of subject matters areas on which they can and should be gathering data.

Selecting the right things to measure, and making sure that the selection of what to measure is properly aligned with the organization’s strategic goals, is a complex, executive-level decision. Choose wisely, and you’ve set the stage for organizational improvement. Choose poorly, and you will just as likely be chasing your tail.

Choosing the Right Ruler

Finally, deciding to measure and deciding upon the right things to measure is still not enough unless you decide upon the *right metric for measurement*. Once again, this sounds simple enough in theory, but turns out to be complex and difficult in practice.

Let me return very briefly to the 30-day project deliverable I mentioned before. In this context, the metric for measurement is easy to select: number of days of work left to do charted against a 30-day calendar. Sounds simple enough.

Of course, even this example begs questions that lead immediately into greater complexities. How do I know how much work remains to be done and how do I know how much I have already completed? In a construction context, for example, should I measure project progress by time spent versus total project time, or is a better measure the percentage of dollars spent versus total project budget, or would some other metric, perhaps in addition to these two, give me a better sense of how far along my construction project is? And, ultimately, am I more concerned about finishing on time or finishing within budget? In a complex project or organization, there can be literally hundreds or thousands of these decisions to make in selecting the right things to measure and the right rulers or metrics.

In more complex systems, knowing which metric to select in performing the measurement can demand a great deal of sophisticated understanding, analysis and thought, requiring not only detailed knowledge of the specific subject matter, but expertise in statistics and performance measurement. An example from the Receivership may make the point. We perform a detailed assessment of every inmate death within the CDCR to determine the cause of death and what could have been done, if anything, to avoid the death. In reviewing the number of deaths graphed against the length of time in prison, I was struck by the fact that a much larger number of inmates died within the first two years in prison than died in subsequent years. It appeared that something was terribly amiss during those first two years in prison. When I consulted my staff, they noted that I was not using the right metric in evaluating the data. Instead of looking only at the number of deaths, I needed to adjust those numbers to reflect the size of CDCR's population within each yearly cohort. In effect, I had failed to normalize the numbers to reflect population size differences depending upon number of years in prison. I was looking at total number of deaths for each year, and I should

have been looking at the total number of deaths divided by the population size of inmates who had been in prison for the same number of years.

In short, choosing the right metric by which to measure is just as important as choosing what to measure. A mistake on either element will give you misleading results.

The Limits of Metrics and Measurement

A strong word of caution about the limits of metrics and measurement is in order. Strategic leadership, whether in the public or private sector, is visionary and forward-looking. It often contemplates doing things in fundamentally different, innovative ways. Particularly in the public sector, where public value is often not easily reflected in a profit/loss statement, successful leadership may result in a resetting of public priorities – a readjustment of what is important and how to measure what is important.

When strategic leadership is at work, insisting upon slavish adherence to existing metrics and measurement approaches is likely to be a barrier to innovation and improvement. The old metrics won't properly reflect new ways of doing business and new value systems, and since the new business processes and new value systems are not themselves fully developed, there is likely to be a period of time when the information and metrics that are available do not perfectly reflect the innovation that actually is happening.

In short, metrics and measurement are necessary, but they are not always sufficient. Organizational development often requires leadership that breaks the existing moulds in favor of alternative approaches. Good leaders need to have the flexibility and discretion to make bold moves forward, which may require abandoning old ways of measuring progress in favor of new and, at least initially, untested approaches.

A Case Study in the Receivership

On February 14, 2006, the United States District Court in *Plata v. Schwarzenegger* (No. C01-1351 TEH), placed California's prison medical care system under a federal receivership. *See* Order Appointing Receiver (Feb. 14, 2006). The order appointed the first receiver, Mr. Bob Sillen, and ordered him to submit to the Court within 180 – 210 calendar days “a

detailed Plan of Action designed to effectuate the restructuring and development of a constitutionally adequate medical health care delivery system.” *Id.*, p. 2. The order required that the plan of action “include a proposed time line for all actions and a set of metrics by which to evaluate the Receiver’s progress and success. The Receiver shall update and/or modify this Plan as necessary throughout the Receivership.” Order Appointing Receiver, pp. 2-3 (Feb. 14, 2006). The Receivership had some difficulty in fulfilling the Court’s planning orders. Although hundreds of pages of draft planning documents were ultimately prepared, a concise, understandable plan with performance metrics was never fully devised.

On January 23, 2008, the District Court appointed me to replace Mr. Sillen as the Receiver and directed me, among other things, to take the substantial body of planning materials that had been developed by the Receivership’s staff and “to rework” that material into a “more useful leadership document.” Order Appointing New Receiver, p. 5 (Jan. 23, 2008).

Drawing upon my substantial strategic planning experiences with the California courts and as the State’s Chief Information Officer, I led the preparation of several drafts for public comment and then filed with the Court my final “Turnaround Plan of Action” entitled, “Achieving a Constitutional Level of Medical Care in California’s Prisons” (June 6, 2008), a copy of which I am submitting concurrently with this testimony.

You will find metrics, measurement and performance-based themes running throughout the Turnaround Plan. At the broadest level, the Turnaround Plan is a document that charts the steps the Receivership needs to take to put itself out of business and transfer day-to-day control of prison medical care back to the State. In a very real sense, the ultimate metric for the Receivership is an order from the Court dissolving the Receivership.

However, neither the Court nor the parties can simply stand by for a multi-year period waiting to see whether the Receivership achieves that ultimate goal. Instead, we need to measure and report on our results periodically so that the Court can determine whether steady progress is being made. The Court has formalized this by requiring the Receivership to file quarterly reports.

The Turnaround Plan takes metrics, measurement and performance improvement several steps further than routine reporting. Goal 4 of the Turnaround Plan is entirely devoted to “Implement[ing] a Quality Assurance and Continuous Improvement Program,” the components of which are as follows:

- Establish Clinical Quality Measurement and Evaluation Program;
- Establish a Quality Improvement Program;
- Establish Medical Peer Review and Discipline Process to Ensure Quality of Care;
- Establish Medical Oversight Unit to Control and Monitor Medical Employee Investigations;
- Establish a Health Care Appeals Process, Correspondence Control and Habeas Corpus Petitions Initiative; and,
- Establish Out-of-State, Community Correctional Facilities and Re-entry Facility Oversight Program.

In addition, the table in Appendix A of the Turnaround Plan lists preliminary metrics for each objective in the plan. There are essentially two types of metrics: First, we will measure “project” metrics for many objectives that show whether we are meeting our planned progress in implementing the objective. Second, we will measure “performance” metrics for some objectives that attempt to measure directly whether we are improving the actual performance of some aspect of the delivery of medical care.

We are in the process right now of implementing a project management system that should enable us to make available on our website real-time reports of project progress. In addition, we will be endeavoring to provide performance metrics for certain key medical system indicators (e.g., death reports, success at hiring and retention of clinicians, success at implementing drug formulary, and so on) which can be updated on a monthly basis.

One of the most ambitious measurement initiatives is found in the work we are doing with the Office of Inspector General (*see* Action 4.1.2). We are close to concluding a pilot audit process of clinical performance in CDCR facilities. The audit instrument was developed over a six-month or so period and measures performance of medical systems and processes in some 18 different areas. We are hoping to use this system, once modified in light of

our pilot results, as an ongoing, objective basis for measuring CDCR's ability to deliver adequate levels of medical care to its inmates.

I am pleased to invite the Little Hoover Commission to track and evaluate our progress in implementing metrics and performance measures, and to give us any advice or recommendations about how we can do a better job of establishing a highly-productive public organization committed to quality improvement through the use of carefully selected and routinely reported performance measures.